

KENTUCKY AGRICULTURAL DEVELOPMENT FUND UPDATE

MAY 4, 2006

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*Cultivating rural
prosperity*



Ernie Fletcher, Governor

Keith L. Rogers, CEO

Sandra P. Gardner, Editor

404 Ann Street
Frankfort, Kentucky 40601

Phone: (502) 564-4627

Fax: (502) 564-8990

govkyagpolicy@ky.gov

agpolicy.ky.gov

Board Meetings in Review

At its March and April Board meetings, the Agricultural Development Board approved \$6,133,166 in state and county funds for agricultural diversification.

The Board approved 17 non-model projects for \$3,825,725 in state and \$147,000 in county funds. Projects ranged in scope from agri-tourism business development to a financing program for beginning farmers.

The remaining \$2,160,441 approved went to nine (9) of the thirteen County Model Programs.

Agricultural Diversification - \$39,145:

Bourbon and Harrison

Cattle Genetics Improvement - \$391,175:

Boyle, Breckinridge, Clark, Fleming, Harrison, Jessamine, Meade, Owsley, and Shelby

Cattle Handling Facilities - \$315,075:

Bourbon, Boyle, Harrison, Jessamine, and Shelby

Farm Livestock Fencing - \$341,250:

Jessamine, Owsley, and Shelby

Forage Improvement - \$571,424:

Christian, Clark, Clinton, Harrison, Meade, Owsley, Shelby, and Whitley

Goat Diversification - \$20,125:

Harrison, Powell, and Shelby

Hay, Straw, & Commodity - \$417,500:

Christian, Fleming, Grayson, Jessamine, and Owsley

Shared-use Equipment - \$36,297:

Ohio, Russell, and Whitley


Technology - \$28,450:

Shelby

Taylor Co. Barn

In March and April, the Board reviewed and approved agri-tourism projects under the 2006 Agri-tourism Competitive Awards Program.

During the April meeting, the Board received an update from the Kentucky Dairy Development Council, as well as a summary of the Agricultural Development Fund budget for fiscal years 2007 & 2008.

View the [April Board press release](#) for summaries on the projects approved. 

Competitive Awards

The following ten projects were approved for \$425,000 in state funds through the **2006 Competitive Agri-tourism Awards Program**.

ALLEY FARMS

Alley Farms was approved for \$50,000 in state funds to provide an on-farm educational experience for the general public by creating an Agri-tourism destination on their family farm in Lawrence County.

BED & BREAKFAST ASSOCIATION OF KENTUCKY

The Bed & Breakfast Association of Kentucky, Inc. was approved for \$15,000 in state funds to develop a Kentucky Farm Stays Program to promote and market agri-tourism businesses that provide overnight lodging as part of an agriculture experience.



CAVE RUN RESORT & STABLE

Cave Run Resort and Stable was approved for \$50,000 to construct a retail facility with a kitchen. This retail facility/canteen will sell Kentucky Proud and Kentucky Crafted products.

CENTRAL KENTUCKY AGRI-TOURISM ASSOCIATION

The Central Kentucky Agri-tourism Association was approved for \$10,000 in state funds to promote agri-tourism activities in Central Kentucky. This new organization has 28 members from nine Central Kentucky counties.

ELK CREEK VINEYARDS

Elk Creek Vineyards, LLC was approved for \$50,000 in state funds to assist in

the completion of a winery facility that will purchase Kentucky grown fruit. Funds will also assist in the development of a wine tasting room.

GATEWAY RESOURCE RC&D

Gateway Resource Conservation Development was approved for \$50,000 in state funds to help farmers develop Eco/Agri-tourism businesses on their farms in seven eastern Kentucky counties (Carter, Elliott, Greenup, Lewis, Menifee, Morgan, Wolfe).

LAN MARK FARM

Lan Mark Farm was approved for \$50,000 in state funds to construct an on-farm retail facility that concentrates on selling Kentucky fiber art and farm grown products.



MANDOLIN FARM

Mandolin Farm was approved for \$50,000 in state funds to construct a pavilion to expand the events available for their agri-tourism business, including the Mandolin Bluegrass Festival and farmers' market.

MAPLE HILL MANOR ENTERPRISES

Maple Hill Manor Enterprises, Inc. was approved for \$50,000 to construct an Agri-tourism Fiber Education and Marketing Center that will be used to provide educational programs, expand production capabilities, and retail opportunities for fiber produced by Kentucky alpaca, llama, and sheep producers.



(Continued on page 6)



John's Custom Meats Awarded Agricultural Development Funds

The Governor's Office of Agricultural Policy and the Kentucky Agricultural Development Board presented a check to John's Custom Meats for \$250,000 at their groundbreaking ceremony in Warren County.

John's Custom Meats, LLC was approved for state and county funds to upgrade from a 1,500 ft² custom operation to a new 4,000 ft² USDA-inspected slaughter/processing facility with a retail operation.

The new facility will provide value-added processing services to livestock producers that have an interest in developing direct to consumer marketing programs.

For more information about John's Custom Meats, contact John Redress at (270) 563-4048 or (270) 535-0974.



KCADE Korner




New ePublications Available

GOAP has been publishing the **KCADE Grant Bulletin**, since October 2001. This year the focus of this publication has changed from strictly an update on grants to information on resources for entrepreneurs. Thus, the title has changed to simply **KCADE Bulletin**. This quarterly publication's inaugural issue will be made available the first week of May.

To provide more frequent updates on grant availability, Grant Bytes has been introduced. This monthly publication is released after new items are posted on the KCADE "Other Funding Opportunities" web page.

Those interested in subscribing to both of these publications may visit agpolicy.ky.gov/kcade/.

Resources for Entrepreneurs

KCADE's on-line resource page provides links to government, private, and non-profit services, as well as links to Phase I funded agri-businesses. 

KAFC Update

The Kentucky Agricultural Finance Corporation has announced the implementation of a **Beginning Farmer Loan** program that will be administered through lenders with offices located in Kentucky.

This program has been designed to assist applicants in formulating a business plan, securing needed expertise, and receiving the capital to prepare their farming operation for a successful future.

The Kentucky Agricultural Development Board (Board) approved \$2,000,000 at their March meeting for this program. This is after the Board revised their "Guiding Principles" to include the search for "programs to enhance the viability of young farmers and part-time farmers in agriculture."

These funds will be made available

to producers meeting [eligibility criteria](#), established by KAFC. There must be a commitment by a "lead lender" to work with the borrower to implement the five year business plan and to provide additional financing, as the borrower becomes eligible. Also, identification of a mentor who is willing to advise the borrower on record keeping and business analysis, during the term of the loan, is required.

Details on eligibility requirements and eligible uses of loans funds can be found on-line at <http://kafc.ky.gov/>, along with the application forms.

Potential lenders and interested beginning farmers are encouraged to contact Tim Hughes, KAFC Marketing & Business Development Coordinator, at (502) 564-4627 or via e-mail at TimD.Hughes@ky.gov. 

New Project Analyst Announced

GOAP is proud to introduce our newest Project Analyst, [Todd Harp](#).

Todd joins us from Harrison County High School where he was an agriculture teacher and FFA Advisor.



"I look forward to working with the Governor's Office of Agricultural Policy," stated Todd, "I understand the struggles of farmers and think that GOAP is playing an instrumental role in assisting Kentucky's farmers in making adaptations that will enable them to continue their love for agriculture."

Todd is native of Harrison County where he lived on a dairy and beef cattle farm with his family. They also grew tobacco, corn and hay. Todd graduated from ECU with a B.S. in Animal Science, as well as an M.A. in educational leadership from ECU.

Visit agpolicy.ky.gov for a list of the counties for which Todd is our office contact.

Model Program Scoop

TEMPORARY SUSPENSION OF NEW GENETICS RULE

At their March meeting, the Agricultural Development Board suspended the requirement that "producer applications must be submitted prior to the purchase of a bull" from Section II-C (2) of the **Cattle Genetics Improvement Model Program**. The suspension is retroactive to January 1, 2006 and is valid through June 30, 2006. This suspension is only *temporary* and the policy will resume for all producers submitting applications to the local administrator on July 1, 2006.

Keep this in mind as administrators notify producers of application deadlines and required guidelines. If a producer picks up an application in March and returns it July 2, then the producer will be required to follow all rules, since the suspension will have been lifted on July 1.

For more information on this model program or the suspended rule, contact the Governor's Office of Agricultural Policy at (502) 564-4627 or visit our website at <http://agpolicy.ky.gov/>.



CDs Available

Model Program Guidelines & Reports

Want one place to find everything you need for model programs?

Then call (502-564-4627) or e-mail (govkyagpolicy@ky.gov) your request for a 2006 Model Program CD today!

2006 REPORTING

Programs approved since January 2006 fall under the new reporting requirements, including the new combined form. When the 2006 semi-annual reporting forms are filled out, all information from the Producer Report form must be entered for submission at 6-months and again at the close of the program (12 or 18-months from execution of the legal agreement).

Administrative entities that consistently do not follow the guidelines and fail to submit reports run the risk of being denied or limited in the approval for further programs.

Please call (502) 564-4627, if you need assistance with reporting for your programs.

PROGRAM UPDATES

FORAGE PROGRAM

Alfalfa Additions
Attention w/StandFast
Radiant-AM

Red Clover Addition
Juliet

Ladino Clover Addition
Kopu II

Endophyte Free Fescue
Bronson

KY Bluegrass Added
Adam I
Ginger
Kenblue
Lato
Park
Platini
Slenzanka

GENETICS PROGRAM

Guidelines
II-C(2) suspended
through 6/30/2006

Producers submitting applications to their local administrator after 6/30/2006 must follow all guidelines, including purchasing their bull after application submission.

2006 MODEL PROGRAM CD

CDs prior to 4/7/2006 are missing the **2006 Reporting Summary Sheet**.

Visit <http://agpolicy.ky.gov/> to download a copy.

Thank You!

To all who made GOAP R.A.W. a success

Approximately 180 people attended the regional administrator workshops, which were held across the Commonwealth in 11 locations. These 180 people represented 107 administrative organizations in 67 counties.

County Council Administration

2006-2008 APPOINTMENTS

As you may be aware, Council member terms expire June 30. According to [KRS 248.721](#):

“(1) Each county shall establish an **agricultural development council** to evaluate the needs of the local agricultural economy and to devise a plan for the county that would identify programs best suited for the agricultural development of the county. The council shall assist prospective applicants in the council's county in obtaining moneys from the agricultural development fund. Consideration shall be given to racial and gender equity in the appointment of council members. Each council shall consist of eight (8) members as follows:

- (a) Two (2) farmers selected by the Farm Service Agency county committee;
- (b) Two (2) members selected by the board or boards of the soil conservation district or districts serving the county;
- (c) Two (2) members selected by the county extension council, one (1) of whom shall have experience in agricultural diversification; and
- (d) Two (2) young farmers between the ages of twenty-one (21) and forty (40), selected by the six (6) members in paragraphs (a) to (c) of this subsection.”

Each organization should notify you, as Council administrator, of their appointments. Once those six individuals are in place, then the two young farmers need to either be appointed or reappointed. For continuity purposes, we encourage at least half of the members to remain.


Update Councils On-line

We expect to launch an on-line update center around late-May for agents to add and remove members.

If your 2006-2008 Council members are appointed before the update center is available, then please e-mail the following member information to govkyagpolicy@ky.gov:

- Name
- Organization Representing
- Addresses
- E-mail address, and
- Identify the chairperson.

Please note, even if you have little or no county funds, the statute requires each county to have a council in place.

If you have any questions, then please call us at (502) 564-4627. 

Council Administrative Funds

Counties that are allocated over \$20,000 annually in Tobacco Settlement Funds, may provide up to 4% of the county allocation (not to exceed \$15,000 annually) to the County Council for administrative costs.

These funds are authorized to cover the expenses associated with administering the County Agricultural Development Council.

Suggested uses for Council Administrative Funds:


- Educational trips/trainings for Council members
- County-wide program limit administration
- Expenses associated with conducting business of the County Council

Council Members may not be paid a per diem or reimbursed expenses for attending meetings.

For more information on the role of the County Agricultural Development Councils visit [KRS 248.721](#).

Phase II Update

GOAP continues to attempt to locate the rightful owners of undeliverable Phase II checks. A comprehensive list of undeliverable checks is available at tobaccotrust.ky.gov. The list is sorted by the last name within the county in which the farm was registered.

If you locate your name as a certified recipient, then contact our call center toll-free at 1-877-549-2537. You will be asked to verify some personal information, and then to provide a correct mailing address. Hurry, because **checks expire 6/20/2006**. 


Agri-tourism Awards

(Continued from page 2)

TOMMY BENNETT ORCHARD

Tommy Bennett Orchard was approved for \$50,000 in state funds to construct a marketing and processing building, which includes a commercial kitchen.

August 1 is the deadline for the second round of funding, which will have \$500,000 available, plus the remaining \$75,000 from Round 1.

For more information about the Agri-tourism Competitive Awards Program contact our office at (502) 564-4627. For more information about agri-tourism in Kentucky contact Kelly Ludwig, KDA Director of Agri-tourism, at (502) 564-4983. 



Budget Summary

The General Assembly approved the following breakdown of the funds coming from the Master Settlement Agreement (MSA) for fiscal years (FY) 2007 & 2008: 50% Rural Development, 25% Early Childhood Development, 25% Healthcare Improvement.

Table 1 to the left shows the breakdown of the Agricultural Development Fund's 50% of the MSA. Table 2 shows line items to the state allocation.

Table 1

	FY 2007	FY 2008
50% Rural Development	\$44,312,500	\$46,912,500
County Allocation—35%	\$15,509,375	\$16,419,375
State Allocation—65%	\$28,803,125	\$30,493,125

Table 2

	FY 2007	FY 2008
State Allocation—65%	\$28,803,125	\$30,493,125
'02-'06 Debt Service	(\$17,842,700)	(\$17,847,400)
EPPC - Conservation	(\$9,000,000)	(\$9,000,000)
State Phase I & Admin	\$1,960,425	\$3,645,725

Web Updates

Over the next several months, you can expect to see changes to the GOAP web pages. Our staff web committee has decided on some reorganization and re-naming of certain pages to continue to make our pages more user friendly and accessible.

We hope that you will find these changes useful. Updates will be provided in the publication and through the Web Distribution E-mails.

If you have suggestions or have had problems finding certain information, then please feel free to contact Sandy Gardner, sandrap.gardner@ky.gov, our webmaster, so that your input can be considered in the updates.

County Account Availability (2/23/2006):

<http://agpolicy.ky.gov/funds/availability.shtml>

Educational Events & Festivals Calendar:

<http://agpolicy.ky.gov/kcade/education.shtml>

GOAP Calendar:

<http://agpolicy.ky.gov/calendar.shtml>

Model Program Reports:

http://agpolicy.ky.gov/funds/program_reporting.shtml

KAFC Programs: <http://kafc.ky.gov/> 

WEBSITE UPDATE TIMELINE

Post Executive Summaries
of all KCADE studies
May 15

On-line Council Updates
May 31

News Center launch
July 1

County Council resource
page revision launch
August 1

Program & Services
launch (formerly "Help for
Farmers")
September 1

agpolicy.ky.gov

FUTURE MEETINGS

Tobacco Settlement
Oversight Committee
Tuesday, May 9
Frankfort

KADF Board Meeting
Friday, May 19
Embassy Suites
Lexington

KY Agricultural
Finance Corporation
Friday, June 2
Frankfort

**Meeting locations & times
subject to change**